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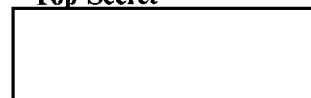
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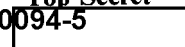
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TUNISIA: Nouria's Visit to US

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USSR: Politburo Shifts and Changes

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[] Soviet President Brezhnev's political strength has increased as the result of the significant shifts in the leadership the Central Committee plenum made yesterday. The plenum's action tipped the balance within the policymaking Politburo toward the Secretariat and away from Premier Kosygin's government apparatus. Brezhnev's interests were also served as the plenum named a junior provincial leader to the Secretariat to replace deceased agricultural overseer Fedor Kulakov--a move that finesses the issue of identifying a long-term successor to Brezhnev.

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[] In the most important change, Brezhnev's close associate, party secretary Konstantin Chernenko, takes a seat on the Politburo in place of First Deputy Premier Mazurov, a long-time Brezhnev critic who was relieved reportedly at his own request "for reasons of health." Mazurov's departure means that Kosygin alone represents the Council of Ministers in Politburo deliberations. Kosygin's other first deputy, Nikolay Tikhonov, became a candidate member of the Politburo. Tikhonov is a supporter of Brezhnev, and his appointment strengthens our view that Mazurov was a victim of a power play by Brezhnev.

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[] Chernenko's promotion means that he joins Brezhnev, Mikhail Suslov, and Andrey Kirilenko as the only party secretaries who are also Politburo members. The youngest of this quartet at 67; Chernenko has risen rapidly in the party hierarchy in the past two years with Brezhnev's obvious backing.

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[] Because Chernenko lacks an independent power base, he seems an unlikely successor to Brezhnev. He is, however, now in a position to be a key arbiter in any future deliberations on the succession and a strong voice representing Brezhnev's interests as the Soviet leader's vigor declines.

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[] Chernenko became a member of the Secretariat in April 1976 and a candidate member of the Politburo in October 1977. He previously worked as a party administrator--a kind of executive officer for Brezhnev and the Politburo--but he has become increasingly involved in

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25X1 [] foreign affairs in recent years. Brezhnev appears to have tried to give him broader exposure to foreign policy issues in an effort to improve his credentials in the party leadership.

25X1 [] In another significant personnel appointment, the plenum appointed Stavropol premier party leader Mikhail Gorbachev to the Secretariat to replace deceased senior secretary Kulakov as the party's overseer of agriculture. By opting not to attach Politburo status to this position, Brezhnev and his colleagues have indicated that they will continue to temporize on the succession issue.

25X1 [] The plenum also promoted Georgian party leader Eduard Shevardnadze to Politburo candidate membership. Shevardnadze's allegiances are not clear--in past years he reportedly was allied with Brezhnev's rival Shelepin and may in fact be as beholden to Suslov as to Brezhnev for his promotion. The promotion may be a reward for having dealt forcefully with corruption in his republic, and for his sensitivity in handling the recent flare-ups of Georgian nationalism.

25X1 [] The Supreme Soviet (the Soviet legislature) is scheduled to convene tomorrow and may make some changes in the government hierarchy--Mazurov is likely to be dropped, for example, as First Deputy Premier. The Supreme Soviet's main business, however, is to discuss and approve next year's economic plan and budget.

25X1 [] In his speech to the Central Committee plenum, Brezhnev focused on some of the major shortcomings of the economy--highlighting the poor performance in capital formation over the past three years and noting that the distribution of next year's investment would emphasize energy, metallurgy, and transportation. Throughout his speech, Brezhnev put the blame for most of the economy's problems squarely on the shoulders of planning and management, although he proffered no new methods for dealing with them. []

JAPAN: LDP Primary Election

25X1 [] Masayoshi Ohira's victory in the Liberal Democratic Party primary on Sunday makes his selection as Japan's next prime minister virtually automatic but is not likely to lead to any major shifts in government policy or to any abrupt realignments in the ruling party. Ohira has long been considered Prime Minister Fukuda's heir, and his victory does not convey any popular repudiation of Fukuda's policies.

25X1 [] Ohira's primary victory--42 percent of the vote to 36 percent for Fukuda--hinged largely on the vigorous support he received from the faction of his primary political ally, former Prime Minister Tanaka. Fukuda withdrew his candidacy yesterday after the primary results became clear and thus set the stage for Ohira's election by acclamation on Friday and his selection as prime minister within the following week or so.

25X1 [] Fukuda's decision to step aside will help underwrite both party unity and a smooth transition of power. It also insures that Fukuda's faction will be well represented in Ohira's cabinet. Indeed, the Ohira, Tanaka, and Fukuda factions are likely to dominate the new government, much as they have during Fukuda's two-year tenure.

25X1 [] Ohira's political record and the likely factional balance of his cabinet suggests he will not undertake any major departures in foreign policy. The political, economic, and security relationships with the US will certainly remain the cornerstone of Japanese policy. Ohira has strongly boosted the US-Japanese Mutual Security treaty as a vital element of Japan's defense policy, but he has been more reluctant than other Liberal Democratic Party leaders to advocate a larger role for Japan's own Self Defense Forces.

25X1 [] Ohira was instrumental in normalizing Sino-Japanese relations in 1972, is well regarded in Peking, and will undoubtedly maintain the current momentum in relations with China. As for the USSR, Ohira recently remarked that he has no major initiatives in mind. Depending on Soviet behavior, however, some expansion of Soviet-Japanese economic relations may occur.

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[] //Like Fukuda, Ohira is a former bureaucrat from the Ministry of Finance, but he has been more liberal than Fukuda in his economic views. Ohira reportedly puts a high priority on solving Japan's trade problems with the US, although he has not mentioned any specific plans on dealing with this issue. Japan's bilateral trade surplus soared to a record \$10.4 billion in the first 10 months of this year.//

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[] //Should upward pressure on the yen resume, Ohira is more likely than Fukuda to make an all-out effort to prevent further appreciation in order to preserve Japan's share in foreign markets. Ohira will certainly honor all agreements made by the Fukuda government on the Multilateral Trade Negotiations. Ohira will probably try to honor Fukuda's commitment to spur domestic growth. He may formulate another supplemental budget for the remainder of the fiscal year that ends in March.//

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[] //While Ohira may want to do more for domestic growth, he will find it difficult to push much beyond Fukuda's efforts. Fukuda reportedly planned new reflationary measures for the remainder of this fiscal year and another large boost in government spending next year. He hinted the new measures could push deficit financing to 40 percent of next year's budget--a level that Ohira will probably not be able to exceed.//

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CHINA: Peking Party Meetings

25X1 [] Chinese Vice Premier Teng Hsiao-ping yesterday denied rumors that he will soon replace Hua Kuo-feng as China's Premier. He also confirmed reports that a high-level party meeting is under way in Peking but did not specify what kind of meeting it is.

25X1 [] In an interview [] Teng said he had turned down an offer to become Premier last year and had no intention of undertaking that post's heavy responsibilities now. He also tried to quell speculation that he and Hua were at odds by saying "Chairman Hua and I have always been in complete agreement on everything."

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25X1 [] Yesterday, in a domestic radio account of Teng's meeting with a Japanese delegation on Sunday, Teng appeared to modify his support for the wall poster activity. While noting the constitutional guarantees for poster writers, Teng said he found some of the comments and opinions contained in them to be incorrect and "not conducive to stability and unity."

25X1 [] Peking has made no announcement as yet on the nature of the party meeting, and it is probably still in session. Hua will reportedly deliver an "important political report" to the meeting. Party leaders may have extended the meeting because of disagreements within the Politburo over matters such as those raised in the recent wall posters. []

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TURKEY: Wave of Domestic Violence

25X1 [] //The Turkish Government has reportedly decided to ban the principal rightist group involved in the current wave of domestic violence--the Nationalist Action Party's youth wing known as the "Idealist Hearths." This action, if upheld by the courts, will trigger a vehement--and possibly violent--reaction from the political right.//

25X1 [] Under Turkish law, the courts must approve the outlawing of any organization, and the judiciary has overturned several past attempts by Prime Minister Ecevit to proscribe political groups. Rightists are known to be responsible for a significant proportion of the 600 political killings in Turkey this year. Ecevit may therefore believe the courts will have no alternative but to go along this time, particularly if he submits evidence linking the "Idealists" to specific incidents. Leftist groups have also been involved in some of the violence, and the Prime Minister may find it difficult not to ban one or more of those as well. According to a member of his party, however, Ecevit has no plans to do so.

25X1 [] //Ecevit recently accused Nationalist Action Party leader Turkes of condoning and supporting rightist violence. Turkes responded heatedly by accusing Ecevit of having belonged to a Communist organization. A ban on the "Idealists," following closely on this exchange, would evoke an immediate response from Turkes and would further exacerbate the volatile Turkish political scene.//

25X1 [] //Rightist extremists might also increase their activities and could shift their attacks from leftist groups to government officials. If violence does increase, businessmen and members of the political elite would further press the government to impose martial law, a move that Ecevit and the military have long sought to avoid.//

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ARGENTINA-CHILE: Weapons Suppliers

[redacted] //Argentine military leaders purchased a large amount of arms and ammunition several weeks ago as part of their strategy to press Chile into making territorial concessions in the Beagle Channel dispute. The Chileans have also been buying weapons, but on a much smaller scale.//

[redacted] //Argentina will obtain jet engines from the French to upgrade its training and counterinsurgency aircraft. It has also purchased two French-built light frigates, armed with Exocet antiship missiles, which arrived in Argentina on 3 November. Nine Puma helicopters are already being delivered, and efforts are under way to acquire 60 Panhard armored cars, which are particularly mobile in mountainous terrain.//

[redacted] //Israel has sold at least 24 Mirage aircraft to Argentina and intends to provide artillery rockets. The Argentines are also reportedly trying to buy large numbers of tanks in Spain and possibly other West European countries. The Austrian Defense Ministry has confirmed the transfer of 17 Panzerjager-K self-propelled antitank guns, which are basically a reconfiguration of the French AMX-13 tank that Argentina has had since 1968. Delivery is expected in early December.//

[redacted] //Argentina has bought from Italy at least nine light attack helicopters, which are expected to be delivered before the end of the year. It also recently purchased 10,000 rounds of 105-mm artillery ammunition from Italy and is negotiating for more.//

[redacted] //South Korea sent three air shipments of arms to Argentina early this month. Over 4,000 tons of guns, explosives, and other military hardware left Spain for Buenos Aires in October, and the Argentine Air Force reportedly has been negotiating in Madrid for conventional bombs.//

[redacted] //Chile received 10 air shipments of armaments from Western Europe in early November. South Africa has provided additional munitions, and France has agreed to deliver two Crotale surface-to-air missile systems. Chile recently purchased four Aviocar light transport

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aircraft from Spain, which was also the embarkation point last month for 2,600 crates of armaments and 230 tons of artillery ammunition.//

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[REDACTED]//There is no clear indication of how much more either nation intends to buy, but both Chile and Argentina appear financially able to continue purchases for some time. [REDACTED]

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Syria-USSR

[redacted] //President Assad's visit to Moscow--scheduled to begin this Friday--has been postponed until mid-December [redacted] The postponement, apparently at Moscow's initiative, follows the abrupt return to Damascus of Syrian Chief of Staff Shihabi after only two days of a planned week's visit.//

[redacted] Shihabi's talks with the Soviets fell apart because of Syrian demands for advanced weapons the Soviets believed Syria could not absorb. Press reports from Beirut, however, indicate that Shihabi's trip was cut short because the Syrians thought that Moscow was reneging on pledges of military aid made to Assad during his visit to Moscow in October. [redacted]

EC

[redacted] //The European Community plans to inaugurate its proposed European Monetary System immediately following the meeting of EC heads of state in Brussels on 4 and 5 December [redacted]

[redacted] we would not be surprised if the EC made its move on 6 December. EC leaders almost certainly will compromise their remaining differences on how the new exchange rate stabilization arrangement should operate.//

[redacted] //The EC target date for implementation was 1 January, but putting the system into operation immediately after the EC agrees on the mechanics would avoid interim speculation against the currencies of the participating member. All nine members of the EC except the UK are likely to join at the outset. Britain probably will endorse the European Monetary System and maintain its option to join at a later date. [redacted]

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Egypt

25X1 [] Egyptian President Sadat has taken another step in his "democratic restructuring" program by creating an official political opposition, the Socialist Labor Party. The group thus far has attracted little attention or support; Sadat had to intervene to enable it to meet constitutional requirements for qualifications as a political party.

25X1 [] Sadat praised legalization of the "opposition" party as furthering his plan to build a two-party democracy in Egypt. He also praised Ibrahim Shukri, leader of the new party and a former cabinet minister under Sadat, as an honest nationalist, untainted by corruption and the excesses of the past.

25X1 [] As its origin indicates, the party is likely to be tame and loyal--and an object of derision in Egypt. The real opposition in parliament more likely will involve a small group of former center party members who refused to join Sadat's new party and the 20 or so former members of the now dissolved Wafd Party.

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USSR

25X1 [] A Soviet scientist at a marine hydrographics institute recently indicated to a visiting US scientist that the USSR would have a synthetic-aperture radar in space in two years. Such a radar achieves improved resolution by using signal processing to stimulate the effect of a very large antenna. It has the potential for detecting targets smaller than aircraft carriers and thus could provide the Soviets with better ocean surveillance than they have with their current real-aperture radar ocean reconnaissance satellite.

25X1 [] We have very little evidence to support the Soviet scientist's claim, but the Soviets have been developing synthetic-aperture radars since the late 1960s and deployed one for battlefield surveillance in 1974.

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Ecuador

//Ecuador's Supreme Electoral Tribunal--after a recount and review of balloting procedures in the initial round of voting on 16 July--has confirmed that front-runner Jaime Roldos will face center-right candidate Sixto Duran-Ballen in the second round of the presidential election in early April.//

//The new tribunal was named last month following an attempt by its predecessor to provide trumped-up evidence of massive vote fraud to justify cancellation of the election. Although some plotting against populist Roldos probably will continue, a majority of the ruling military now appears committed to seeing the election process through to its conclusion.//

Czechoslovakia

Recent changes in Czechoslovakia's policy on issuing visas are evidence of a new flexibility in government tactics toward political dissidents. The government has resumed giving selected dissidents tourist, rather than emigration, visas, thus implying that they will be allowed to return.

The leadership is probably confident that those it gives tourist papers will not publicly attack the regime when abroad; to those Prague considers "trouble-makers," it gives emigration visas, thus ensuring that they will not return.

Intimidation and imprisonment are still used to suppress dissent. Professor Jaroslav Sabata, who was detained during an abortive meeting with Polish dissidents early last month, remains in jail. The son of Jiri Hajek--who was Foreign Minister under former Czechoslovak leader Dubcek--is being penalized for his father's current dissident activities by being denied admittance to the university. Finally, three persons charged with distributing "nonconformist music" and literature were recently given jail sentences.

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FEATURE ARTICLE

TUNISIA: Nouira's Visit to US

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[REDACTED] Tunisian Prime Minister Hedi Nouira, the constitutional successor to ailing President Bourguiba, will seek assurances of continued US economic and military aid during his official visit to Washington tomorrow and Thursday. Nouira will no doubt stress the importance Tunisia attaches to US political support as a deterrent to Libyan or other outside interference in Tunisian affairs.

[REDACTED] The 67-year-old Prime Minister is a sound economic manager and a proponent of Tunisia's moderate, pro-Western foreign policies. He heads a group of conservative Bourguiba loyalists that is firmly in control of the government. Nouira and his cabinet run day-to-day affairs; Bourguiba--now in Western Europe for medical treatment--provides only occasional policy guidance.

[REDACTED] Tunisia has used its limited influence in regional affairs to encourage dialogue and compromise. In 1965, Bourguiba jarred the Arab world by asserting publicly that Israel is an internationally recognized reality with which the Arabs should negotiate.

[REDACTED] Today, Tunisia is sympathetic to Egyptian President Sadat's peace initiatives but is unwilling to anger its radical neighbors, Algeria and Libya, by publicly supporting the Camp David accords.

[REDACTED] Tunisia's principal foreign policy concern is the chronically tense state of relations with Libya, which has made no secret of its desire to influence political developments in Tunisia. Libyan President Qadhafi was humiliated by Tunisia's refusal to implement a merger agreement in 1974 and blames Nouira for scuttling it. A dispute with Libya over oil rights on the continental shelf remains unresolved.

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[] The discovery in September of a Libyan-supplied arms cache in southern Tunisia has heightened Tunisian concern that Libya may be increasing its covert activity to undermine the Nouira government.

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[] The domestic scene has been generally calm since January when Nouira used the Army to suppress widespread rioting that accompanied the country's first general strike. The subsequent trials of former labor leader Habib Achour and other union officials mark a low point for the restive national labor movement in its two-year-old political contest with the Tunisian political establishment. The confrontation with labor was but one aspect of the competition to determine who will run Tunisia when 75-year-old Bourguiba leaves the scene.

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[] //Although Nouira lacks a broad-based political following, he will have a considerable advantage over other contenders for power because of his control of the government and party apparatus. The military, whose support will become increasingly important in the post-Bourguiba era, is likely to remain loyal to Nouira or to any other legitimately constituted government.//

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[] The Nouira government does not appear to face any significant organized opposition, but it will continue under pressure from labor and other groups. If the domestic scene remains calm, Nouira is likely eventually to seek a compromise with moderates critical of the present one-party political system, but he will carefully control any liberalization.

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[] Political and economic discontent has been suppressed but not eliminated. A sharp deterioration of the economy could result in more strikes and disorders.

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[] With little more than 6 million people and few natural resources, Tunisia has achieved impressive economic growth--the rate of growth averaged about 6.5 percent over the past five years. The primary goal of Tunisia's fifth development plan is to create more jobs. About half of new investments are earmarked for development of labor-intensive, export-oriented sectors.

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[] Tunisia's current account deficit has grown steadily since 1975 and is likely to reach a record level this year. The growing balance-of-payments deficit is being financed by increased foreign borrowings.

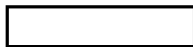

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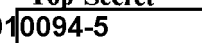


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 In the absence of new oil discoveries on the continental shelf, Tunisia will remain dependent on foreign borrowing to finance its development. 

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